

2005 DRAFTING REQUEST

Bill

Received: **09/29/2004**

Received By: **rnelson2**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Caucutt**

This file may be shown to any legislator: **NO**

Drafter: **rnelson2**

May Contact:

Addl. Drafters:

Subject: **Veterans - housing loans**

Extra Copies:

Submit via email: **NO**

Pre Topic:

DOA:.....Caucutt, BB0102 -

Topic:

Home improvement loans and mortgage loan program

Instructions:

See Attached

Drafting History:

| <u>Vers.</u> | <u>Drafted</u> | <u>Reviewed</u> | <u>Typed</u> | <u>Proofed</u> | <u>Submitted</u> | <u>Jacketed</u> | <u>Required</u> |
|--------------|------------------------|------------------------|------------------------|----------------|------------------------|-----------------|-----------------|
| /? | | | | _____ | | | State |
| /1 | rnelson2 10/18/2004 | wjackson 10/30/2004 | pgreensl 11/03/2004 | _____ | lemery 11/03/2004 | | State |
| /2 | rnelson2 01/26/2005 | wjackson 01/26/2005 | rschluet 01/27/2005 | _____ | sbasford 01/27/2005 | | |

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<END>

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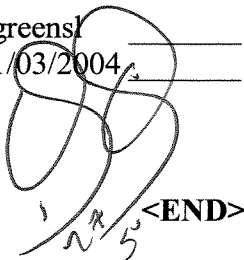
See Attached

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1/2 WLJ 11/26



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| /? | rnelson2 | pl WLj 10/30 | u/ 1/3 p8 | 1/3 p8/Ro | | | |

FE Sent For:

<END>

2003-05 Budget Bill Statutory Language Drafting Request

- Topic: Primary Mortgage loan and HILP Loan budget initiatives
- Tracking Code: ~~BB0101~~ BB0102
- SBO team: Ops
- SBO analyst: Carole Schaeffer
 - Phone: 7-0371
 - Email: carole.schaeffer@doa.state.wi.us
- Agency acronym: DVA
- Agency number: 485

CS

PRIMARY MORTGAGE LOAN AND HILP LOAN BUDGET INITIATIVES

Part of the department's 10-year Veterans Trust Fund solvency plan is to rebuild the loan portfolio of the Mortgage Loan Repayment Fund (MLRF). The 2005-07 biennial budget initiatives below are the first set of changes for the MLRF loan programs designed to achieve that goal.

1. The following language eliminates the \$25,000 maximum HILP loan amount.

45.76 (1) (c) of the statutes is amended to read:

45.76 (1) (c) *Home improvements.* A loan of ~~not more than \$25,000~~ to improve a home, including the construction of a garage or the removal or other alteration of existing improvements that were made to improve the accessibility of a home for a disabled individual.

2. The following language removes the limitation that a primary or a HILP loan may be used only to acquire, construct, refinance, or improve the principal residence of an eligible veteran. It would permit the use of the proceeds of non-QVMB bonding, or other funding sources, for the acquisition, construction, refinancing, or improvement of a secondary residence of the veteran. However, if the funding source is QVMB bonding, the language requires that QVMB requirements be met.

45.71 (8) of the statutes is amended to read:

102

000232

45.71 (8) "Home" means a building or portion thereof used as by the veteran's principal place of residence as a residence, and includes condominiums and income-producing property, a portion of which is so occupied by the veteran, and the land, including existing improvements, appertaining to such a building.

45.76 (3) (b)1 of the statutes is amended to read:

45.76 (3) (b) 1. The residence property to be purchased, constructed, improved or refinanced with financial assistance under this subchapter will be used as by the person's principal person as a residence.

45.76 (4) of the statutes is created to read:

any application

45.76 (4) QUALIFIED VETERANS MORTGAGE BONDS. If the source of funding for a loan is the proceeds of qualified veterans mortgage bonds, the department shall apply the requirements of the Internal Revenue Code in determining eligibility for a loan in order to assure that the bonds are federally tax-exempt.

45.71 (15) of the statute is created to read:

45.71 (15) "Qualified veterans mortgage bonds" means federally tax-exempt bonds issued under the authority of 26 USC 143.

3. The following language authorizes the department to refinance existing housing loans used for the acquisition, construction, refinancing, or improvement of a residence.

45.76 (1) (d) of the statutes is repealed and recreated to read:

45.76 (1) (d) *Refinancing*. Refinancing the balance due on an indebtedness that was incurred for a use designated in pars. (a) to (d).

4. The following language expands eligibility to Guard and Reservists who have served honorably for six continuous years.

45.71 (16) (d) of the statutes is created to read:

45.71 (16) (d) Any person who has completed six continuous years of service in the army national guard, the air national guard or any reserve component of the U. S. armed forces under honorable conditions and who meets the residency requirements under subd. (a) 2m. shall be considered a veteran under this subchapter.



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-0321/1

RPN: /:....

WLj

DOA:.....Schaeffer, BB0102 - Home improvement loans and mortgage loan ✓
program

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION ✓

1 AN ACT ...; relating to: the budget. ✓

DO NOT GEN

Analysis by the Legislative Reference Bureau

VETERANS AND MILITARY AFFAIRS ✓

✓ Under current law, an eligible veteran may receive a loan of up to \$25,000 from the veterans housing loan program to improve his or her home, including making the home handicapped accessible or adding a garage to the home. This bill removes the limit on the amount of the loan.

✓ Currently, an eligible veteran may receive a loan from the veterans housing loan program to purchase or improve a home only if the home is or will be the veteran's principal place of residence. This bill allows such a loan if the home is used by the veteran as a residence. ✓ *veteran uses the*

✓ The bill adds persons who completed six continuous years under honorable conditions in the national guard or a reserve component of the U.S. armed forces to those persons who may receive a loan under the housing loan program.

✓ *Who are eligible to* Currently, a veteran may receive a housing loan to refinance another loan. Refinancing loans are available only for the same type of use that the housing loan program covers. The loan may be used to pay for balances due on a construction or bridge loan. The loan may be also be used for the payment of a loan if the loan's balance does not exceed the amount requested in any prior application by the veteran and the debt was incurred after the veteran made an application to the DVA that was denied. This bill allows the use of a housing loan to refinance the balance due on any

indebtedness as long as the previous loan was incurred for the same type of use that the housing loan program covers.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 45.71 (8)[✓] of the statutes is amended to read:

2 45.71 (8) "Home" means a building or portion thereof used ~~as the veteran's~~
3 ~~principal place of~~ by the veteran as a residence, and includes condominiums and
4 income-producing property, a portion of which is so occupied by the veteran, and the
5 land, including existing improvements, appertaining to such a building.

History: 1973 c. 208, 333; 1975 c. 26, 199; 1977 c. 4; 1979 c. 102, 155, 221; 1983 a. 81 s. 11; 1983 a. 83 s. 20; 1983 a. 430; 1985 a. 29; 1987 a. 399; 1989 a. 31, 56; 1991 a. 2, 39, 165, 189; 1993 a. 16, 254; 1995 a. 255; 1997 a. 27, 39; 1999 a. 9, 63; 2001 a. 16, 22, 103, 104; 2003 a. 83.

6 **SECTION 2.** 45.71 (12) (a)[✓] of the statutes is amended to read:

7 45.71 (12) (a) Is used ~~as the veteran's principal place of~~ by the veteran as a
8 residence; and

History: 1973 c. 208, 333; 1975 c. 26, 199; 1977 c. 4; 1979 c. 102, 155, 221; 1983 a. 81 s. 11; 1983 a. 83 s. 20; 1983 a. 430; 1985 a. 29; 1987 a. 399; 1989 a. 31, 56; 1991 a. 2, 39, 165, 189; 1993 a. 16, 254; 1995 a. 255; 1997 a. 27, 39; 1999 a. 9, 63; 2001 a. 16, 22, 103, 104; 2003 a. 83.

****NOTE: I added this section to the bill although it was not included in the request.

OK?

9 **SECTION 3.** 45.71 (15)[✓] of the statutes is created to read:

10 45.71 (15) "Qualified veterans[✓] mortgage bonds" means federally tax-exempt
11 bonds issued under the authority of 26 USC 143.[✓]

12 **SECTION 4.** 45.71 (16) (d)[✓] of the statutes is created to read:

13 45.71 (16) (d) Any person who has completed 6 continuous years of service
14 under honorable conditions in the army or air national guard or in any reserve
15 component of the U.S. armed forces, and who is living in this state at the time of his
16 or her application for benefits, shall be considered a veteran under this subchapter.[✓]

****NOTE: I was not sure what the phrase "under honorable conditions" applied to, so I moved it to apply to both types of service. I didn't use the reference to s. 45.71 (16) (a) 2m. as suggested for the residency requirement because that reference includes other qualifications that I do not believe are applicable. Should the requirement that the

* person be living in the state at the time of application apply throughout this subchapter and not be hidden in a definition of "veteran"? Does the person have to have been in the Wisconsin national guard? This draft says no. Is 6 "continuous" years correct, or should it be 6 "consecutive" years?

1 **SECTION 5.** 45.76 (1) (c) of the statutes is amended to read:

2 45.76 (1) (c) *Home improvements.* A loan of ~~not more than~~ \$25,000 to improve
3 a home, including the construction of a garage or the removal or other alteration of
4 existing improvements that were made to improve the accessibility of a home for a
5 disabled individual.

History: 1973 c. 208, 333; 1975 c. 224; 1977 c. 381; 1979 c. 220, 221; 1983 a. 309; 1985 a. 29; 1985 a. 332 s. 251 (1); 1987 a. 27; 1989 a. 31, 56; 1991 a. 39; 1995 a. 255; 1997 a. 27; 1999 a. 9, 63; 2001 a. 16.

6 **SECTION 6.** 45.76 (1) (d) of the statutes is repealed and recreated to read:

7 45.76 (1) (d) *Refinancing.* Refinancing the balance due on an indebtedness that
8 was incurred for a use designated in pars. (a) to (c).

9 **SECTION 7.** 45.76 (3) (b) 1. of the statutes is amended to read:

10 45.76 (3) (b) 1. The ~~residence~~ property to be purchased, constructed, improved
11 or refinanced with financial assistance under this subchapter will be used as the
12 person's principal by the person as a residence.

History: 1973 c. 208, 333; 1975 c. 224; 1977 c. 381; 1979 c. 220, 221; 1983 a. 309; 1985 a. 29; 1985 a. 332 s. 251 (1); 1987 a. 27; 1989 a. 31, 56; 1991 a. 39; 1995 a. 255; 1997 a. 27; 1999 a. 9, 63; 2001 a. 16.

13 **SECTION 8.** 45.76 (4) of the statutes is created to read:

14 45.76 (4) **QUALIFIED VETERANS MORTGAGE BONDS.** If the source of the funding for
15 a loan under this subchapter is the proceeds of a qualified veterans mortgage bond,
16 the department shall apply any applicable requirements of the Internal Revenue
17 Code in determining a person's eligibility for a loan to assure that the bonds are
18 exempt from federal tax.

****NOTE: Do we need a cross-reference to the federal law that creates the tax exemption or eligibility requirements?

19 (END)



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-0321/1

RPN:wlj:pg

DOA:.....Schaeffer, BB0102 - Home improvement loans and mortgage loan program

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

Today please
✓ D-N
This draft removes the
X X X notes
RPN

1 AN ACT ^{DO NOT GEN} ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

VETERANS AND MILITARY AFFAIRS

Under current law, an eligible veteran may receive a loan of up to \$25,000 from the veterans housing loan program to improve his or her home, including making the home handicapped accessible or adding a garage to the home. This bill removes the limit on the amount of the loan.

Currently, an eligible veteran may receive a loan from the veterans housing loan program to purchase or improve a home only if the home is or will be the veteran's principal place of residence. This bill allows such a loan if the veteran uses the home as a residence.

The bill adds persons who completed six continuous years under honorable conditions in the national guard or a reserve component of the U.S. armed forces to those who are eligible to receive a loan under the housing loan program.

Currently, a veteran may receive a housing loan to refinance another loan. Refinancing loans are available only for the same type of use that the housing loan program covers. The loan may be used to pay for balances due on a construction or bridge loan. The loan may be also be used for the payment of a loan if the loan's balance does not exceed the amount requested in any prior application by the veteran and the debt was incurred after the veteran made an application to the DVA that was denied. This bill allows the use of a housing loan to refinance the balance due on any

indebtedness as long as the previous loan was incurred for the same type of use that the housing loan program covers.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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4 income-producing property, a portion of which is so occupied by the veteran, and the
5 land, including existing improvements, appertaining to such a building.

6 **SECTION 2.** 45.71 (12) (a) of the statutes is amended to read:

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16 or her application for benefits, shall be considered a veteran under this subchapter.

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SECTION 6. 45.76 (1) (d) of the statutes is repealed and recreated to read:

45.76 (1) (d) *Refinancing.* Refinancing the balance due on an indebtedness that was incurred for a use designated in pars. (a) to (c).

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(END)

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0321/2dn
RPN:wlj:rs

January 27, 2005

This draft removes the ****NOTES.

Robert P. Nelson
Senior Legislative Attorney
Phone: (608) 267-7511
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State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-0321/2

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16 (END)